



# 457 Savings Plan

**Summary Plan Description**

2015



**URS**

Utah Retirement Systems

<b>457 Savings Plan Table of Contents</b>	<i>Page</i>
<b>Before-Tax Versus After-Tax Saving</b>	2
<b>Eligibility and Participation in the Plan</b>	2
<b>Contributions and Future Investment Allocation</b>	2
• Employer Non-Elective or Matching Contributions	3
• Employee Elective Deferrals	3
• Contribution and Deferral Limits	3
• Catch-Up Contributions	4
• Special Catch-Up Provision	5
• Rollovers and Transfers into the 457 Plan	6
<b>Investment Options</b>	7
• Individual Investment Options	7
• Target Date Funds	7
• Self-Directed Brokerage Account	9
• Transfer Policies	10
• Core Fund Dividends and Interest	11
• Managing Your Account	12
• Fund Information and Calculators	12
<b>Withdrawing Funds from Your Account</b>	13
• Retirement or Separation from Service	13
• Unforeseeable Emergency	13
• Attainment of Age 70½	13
• Death	14
• Spouse as Beneficiary	14
• Domestic Relations Order (DRO)	14
• Required Minimum Distribution (RMD)	14
• Involuntary Distributions of Inactive Accounts	15
• Plan-to-Plan Transfers	15
• Taxes	16
<b>457 Loans to Participants</b>	16
• Eligibility	16
• Minimum Loan	17
• Maximum Loan	17
• Loan Repayment	17
• Automated Clearing House (ACH)	17
• URS Check Policy	18
• Interest Rate on Loans	18
• Loan Fee	18, 20
• Taxes and Penalties	18
• Application of Funds	18
<b>Plan Fees and Expenses</b>	19
• Investment and Administrative	19
• Inactive Account Maintenance	20
• Short-Term Trading	21
• Self-Directed Brokerage Account	21
<b>Appeals</b>	21

## Welcome to the Utah Retirement Systems 457 Plan

The Utah Retirement Systems (URS) 457 Plan is a governmental 457(b) deferred compensation plan regulated by Section 457 of the Internal Revenue Code, and authorized under Title 49 of the Utah Code.

This *Summary Plan Description* is intended to provide a brief description of the current provisions of the URS 457 Plan and is not intended to serve as a complete or final description of this plan. For additional information about this plan and investment options, please visit [www.urs.org](http://www.urs.org) or call our Defined Contribution Department at 801-366-7720 or 800-688-401k.

Planning and saving for retirement isn't always easy, but it is important to do so you can achieve your financial goals. The 457 plan's primary purpose is to help supplement retirement income you may receive from other sources, such as your URS pension, URS 401(k), and your Social Security benefits. This plan can also be a valuable tool for tax planning, as well as an additional source of income for your family if you were to die or become disabled before retirement.

## Before-Tax Saving Versus After-Tax Saving

Deferrals to the 457 plan are deducted from your pay **before** income taxes are assessed to your wages. The funds you and your employer have contributed to this plan, and the earnings that accumulate through the years, are not taxed until withdrawn. As a result of tax deferral, you are able to accumulate earnings on money normally sent to the government as taxes.

## Eligibility and Participation in the Plan

You may be eligible to participate in this plan if you are an employee of a participating Utah public employer, or an independent contractor who performs service for a participating employer. Examples of participating employers include: 1) the State of Utah, 2) most cities, 3) most counties, 4) school districts, and 5) many special service districts throughout Utah.

You may enroll at any time, as permitted by your employer. However, new deposits cannot begin until the month following the date the election is made. You may stop your deferral election at any time.

## Contributions and Future Investment Allocation

There are typically three types of contributions that may be made into your 457 account:

1) employer non-elective contributions, 2) employer matching contributions, and 3) employee elective deferrals. Contributions, deferrals, and earnings are immediately and fully vested to you. This means all contributions and earnings in the account are yours, regardless of how long you work for your employer.

Deposits are invested according to the investment elections you have submitted to our office. If no investment instructions are provided to URS, contributions and deferrals are placed into the Target Date Fund that corresponds to your birthdate.

### Employer Non-Elective or Matching Contributions

Your employer determines the amount of any contribution made on its behalf into your account. At your employer's discretion, this can be a fixed dollar amount, a percentage of your wages, or it can be based on your deferrals (known as matching contributions). Employer contributions are made as a benefit to you and do not reduce your wages, nor are these contributions subject to state or federal income taxes in the period contributed to your account. Unless you are otherwise exempt, employer contributions may be subject to FICA and Medicare taxation.

### Employee Elective Deferrals

You may choose to have a portion of your wages deducted from your paycheck and deposited into your 457 account. These contributions are known as *deferrals*. Your deferrals are deducted from your paycheck before state and federal income taxes are assessed, resulting in your ability to save more money and pay less in income tax during the year. However, deferral amounts are generally subject to FICA and Medicare taxation in the period earned (if these taxes would otherwise apply).

### Contribution and Deferral Limits

Because deferrals to your account reduce the taxes you pay currently, the IRS has set limits on the amount you and your employer can contribute each year. The following shows the maximum deferral amount from your pay allowed for 2015.

Tax Year	Deferral Limit
2015.....	\$18,000

This limit may increase in future years based on cost-of-living adjustments. Your employer's contributions, combined with your personal deferrals, cannot exceed the deferral limit. Finally, total deferrals and contributions to your account cannot exceed the equivalent of 100% of your gross wages for the year.

*Any excess contributions, and earnings attributed to them, must be returned to you. You are responsible for any taxes owed on these excess contributions.*

**Example #1:** Joe is 30 years old and has an annual salary of \$40,000. His employer does not make any contribution to his 457 plan. In 2015, Joe's personal deferrals are limited to \$18,000.

**Example #2:** Fred is 18 years old and works part time for a city. He has an annual salary of \$10,000. He receives a 7.5% contribution (\$750) from his employer into his 457. Fred's personal deferral into his 457 account is limited to the lesser of either 100% of his salary, or \$18,000 (which is the deferral limit in 2015). Because his employer is contributing to his account, his maximum deferral would be \$9,250 (\$10,000 - \$750 = \$9,250).

*Note:* Please keep in mind these examples are hypothetical. There are other factors that may limit deferrals, such as mandatory deductions taken from pay for taxes, insurance, etc.

### Catch-Up Contributions

If you are eligible to make elective deferrals into the 457 plan and will attain or exceed age 50 before the close of the year, you may be eligible to make catch-up contributions in addition to the limits discussed. This catch-up provision allows you to go beyond the regular limit by \$6,000, bringing the total deferral limit for 2015 to \$24,000 (\$18,000 regular + \$6,000 catch-up).

**Example:** Alice is 55 years old and has an annual salary of \$55,000. Alice's personal contribution into her 457 account in 2015 is limited to \$18,000 plus the catch-up contribution of \$6,000, for a total of \$24,000.

### Special Catch-Up Provision

You may be eligible to contribute up to double the normal annual limits into the 457 plan if:

1. You are within three years prior to the attainment of normal retirement age (you are eligible for an unreduced retirement benefit),
- AND**
2. the plan limits from prior years have not already been met.

If you are eligible for both the age 50 catch-up and the special catch-up during the same period, you may only utilize the greater of the two amounts.

The 457 special catch-up can only be used once under this plan, in accordance with the unused plan limits with each employer. In order to use the special catch-up limits, URS requires you to provide a signed agreement (this form is available from our Defined Contribution Department).

**Example:** Paul is 62 years old in 2013. His normal retirement age is 65. He is eligible to utilize the special catch-up limits during the years he is age 62, 63, and 64. Paul has an annual salary of \$50,000. His employer does not contribute into his 457 plan. Paul began working with his current employer in 2011. The following table shows the maximum deferral amounts for the years worked and the amounts Paul actually deferred.

Year	Maximum Deferral	Paul's Actual Deferral	Difference
2011 .....	\$16,500	\$3,000	\$13,500
2012 .....	\$17,000	\$3,500	\$13,500
			\$27,000

The amount eligible for the special catch-up is the difference between what could have been deferred and the amount actually deferred. So, in the three catch-up years, Paul can defer the \$27,000 in addition to the normal deferral limits, as indicated in the following tables:

Year	Normal Deferral	Special Catch-Up	Total (Max. of 2 x Normal)
2013.....	\$17,500	\$17,500	\$35,000
2014.....	\$17,500	\$ 9,500	\$27,000
2015.....	\$18,000	\$ 0	\$18,000
Total.....	\$53,000	\$27,000	\$80,000

**OR**

Year	Normal Deferral	Special Catch-Up	Total (Max. of 2 x Normal)
2013.....	\$17,500	\$ 9,500	\$27,000
2014.....	\$17,500	\$ 9,500	\$27,000
2015.....	\$18,000	\$ 8,000	\$26,000
Total.....	\$53,000	\$27,000	\$80,000

When considering the 457 special catch-up provision, please contact our office for assistance.

## Rollovers and Transfers into the 457 Plan

Another way funds can be added to your 457 account is through rollovers and transfers from other eligible governmental 457(b) plans. Only untaxed funds are eligible to roll into the plan. Transfers and rollovers from other plans are not subject to the maximum limits. Therefore, there is no limit to the amount that can be rolled or transferred into the plan.

For funds to be eligible for rollover into your 457 plan, they must be:

1. Untaxed funds from IRC 457(b) plans; **AND**
- 2a. A direct rollover or plan-to-plan transfer.  
This means the check is made payable to Utah Retirement Systems; **OR**
- 2b. A distribution received by and made payable to you from another 457 plan, which you have deposited into your URS account within 60 days of the date you received the check.

## Investment Options

To help build a diversified investment portfolio that's right for you, the 457 plan provides 20 core funds (8 individual investment options and 12 Target Date Funds), and a self-directed brokerage account.

### Individual Investment Options

Designing your own portfolio can be done by using the eight URS individual investment options.

Each investment option represents different investment objectives, styles, or risk/return characteristics. The funds are managed by professional money managers and are invested according to their individual objectives and style groups. These funds are:

- Income Fund
- Bond Fund
- Balanced Fund
- Large Cap Stock Value Fund
- Large Cap Stock Index Fund
- Large Cap Stock Growth Fund
- International Fund
- Small Cap Stock Fund

### Target Date Funds

Target Date Funds offer a one-fund approach to investing in the URS Savings Plans. A Target Date Fund will give you a diversified retirement portfolio through a single investment option. Each Target Date Fund is comprised of a different mix of asset classes that will gradually adjust over time (see allocation at top of pages 8 and 9). These periodic adjustments result in a gradual change in asset allocation, where the allocation to stocks is greatest when you are farthest away from retirement and is reduced as you near retirement. There is no need to adjust your investments as your time horizon changes. Your Target Date Fund does the work for you, moving your investments to the appropriate allocation through the course



**Asset Allocation**

Asset Classes	2060	2055	2050
URS Income Fund	—	—	—
URS Bond Fund	3%	3%	3%
URS Large Cap Stock Value Fund	10%	10%	10%
URS Large Cap Stock Index Fund	20%	20%	20%
URS Large Cap Stock Growth Fund	10%	10%	10%
URS International Stock Fund	33%	33%	33%
URS Small Cap Stock Fund	10%	10%	10%
International Bonds	2%	2%	2%
U.S. Real Estate Investment Trusts	4%	4%	4%
Commodities	4%	4%	4%
Global Inflation-Linked Bonds	—	—	—
Private Real Estate	4%	4%	4%

of your career. To select a Target Date Fund, simply choose the fund that corresponds to your age using the chart below.

**Target Date Funds**

Fund	Date of Birthday From	Date of Birthday To
Target Date 2060	July 1, 1993	
Target Date 2055	July 1, 1988	June 30, 1993
Target Date 2050	July 1, 1983	June 30, 1988
Target Date 2045	July 1, 1978	June 30, 1983
Target Date 2040	July 1, 1973	June 30, 1978
Target Date 2035	July 1, 1968	June 30, 1973
Target Date 2030	July 1, 1963	June 30, 1968
Target Date 2025	July 1, 1958	June 30, 1963
Target Date 2020	July 1, 1953	June 30, 1958
Target Date 2015	July 1, 1948	June 30, 1953
Target Date 2010	July 1, 1943	June 30, 1948
Target Retired		June 30, 1943

**Target Date Funds**

2045	2040	2035	2030	2025	2020	2015	2010	Retired
—	—	—	—	5%	10%	15%	20%	25%
3%	3%	4%	9%	13%	18%	19%	21%	20%
10%	10%	7.5%	5%	3%	1.5%	—	—	—
20%	20%	22%	23%	25%	23%	21%	18%	14%
10%	10%	7.5%	5%	3%	1.5%	—	—	—
33%	33%	32%	27%	19%	13%	8%	5%	4%
10%	10%	9%	8%	5%	3%	2%	1%	1%
2%	2%	3%	5%	8%	10%	10%	10%	10%
4%	4%	4%	4%	3%	—	—	—	—
4%	4%	4%	4%	4%	3%	3%	3%	3%
—	—	—	—	2%	7%	12%	17%	20%
4%	4%	7%	10%	10%	10%	10%	5%	3%

**Self-Directed Brokerage Account**

**Schwab Personal Choice Retirement Account\* (PCRA)** — a self-directed brokerage account available through URS Savings Plans

A PCRA offers a wide variety of investment options and gives you more flexibility in managing your retirement savings. With a PCRA, you can invest in:

- Over 8,000 mutual funds, including over 4,000 funds available with no loads or transaction fees, through [Schwab Mutual Fund OneSource®](#) (excluding core funds currently offered in the URS Savings Plans).
- Any stock listed on the major U.S. exchanges, including over-the-counter stocks, and foreign securities.
- Bonds and other fixed income investments.
- Money market and brokered CDs.
- Exchange traded funds (ETFs).

**Requirements:**

Before enrolling in a self-directed brokerage account, be sure to review these minimum eligibility requirements:

- You must have a \$5,000 minimum vested account balance for each plan utilizing the PCRA (401(k), 457, and IRAs constitute separate plans).
- You must maintain a minimum vested account balance of \$1,000 in the URS core investment options for each of the plans (401(k), 457, traditional and/or Roth IRA) in which you have a Schwab PCRA.
- If you have established automatic withdrawals from the plan, you must maintain the minimum \$1,000 in the core funds plus the next six months of projected distributions.
- If your core funds balance falls below \$750 at the end of a quarter, you will be notified you need to move money back to the core funds. If your core fund balance is not restored to \$1,000 by the end of the following quarter, URS may request money from the Schwab PCRA.
- Beneficiary accounts and alternate payee accounts are not eligible to participate in a PCRA.
- You must be willing to sign a limited power of attorney (LPOA) with Charles Schwab.
- To enroll and transfer money to the PCRA you must have access to the Internet.
- You must be willing to pay the \$25 quarterly administrative fee for each plan utilizing a PCRA.

#### ***Additionally:***

- Trades in the PCRA may be subject to initial and subsequent investment minimums. For example, many mutual funds have initial investment minimums of \$1,000.
- There may be other applicable fees, depending upon the investments you choose.

#### **Transfer Policies**

You may instruct our office how to invest your future deposits, and you may also direct us to change where your current balances are invested.

#### ***Core Fund Transfer Policy:***

You are allowed to submit one transfer request (whether electronically, by fax, mail, or hand delivered) for your current account balances every seven (7) days. This applies separately to each plan in which you participate — the 401(k), 457, Roth IRA, and traditional IRA each constitutes a separate plan. In addition, if you transfer any or all of your current account between core investment options more often than once every 30 days, you will be charged a 2% fee on amounts transferred. Each transfer, after being processed, starts a new 30-day period. The fees generated by this policy are used to reduce the administrative expenses for all plan participants.

Elections for the investment allocation of future deposits and the elections of future deferral amounts are allowed as often as requested.

#### ***PCRA Transfer Policy:***

Transfers to or from a PCRA are allowed once every seven (7) calendar days.

#### ***Additional Information Regarding Transfers:***

Investment change requests received by our office before the close of the New York Stock Exchange (NYSE), generally 2:00 p.m. Mountain Time, are transferred using that evening's closing market values. Requests received after the close of the NYSE are transferred using the next business day's closing market values. On days of unusually heavy transfer activity, computer system failure or other unforeseen circumstances, URS reserves the right to process transfers using the next available business day's closing market values.

#### **Core Fund Dividends and Interest**

When a URS core fund receives a dividend or interest income, the additional amount received is automatically reinvested. The reinvestment results in a higher price per share on the applicable fund. Dividend or interest income paid within a URS Target Date Fund will result in a price per share increase for the applicable Target Date Fund.

## Managing Your Account

You can manage your account and obtain other general information 24 hours a day at **www.urs.org (myURS login)**. A user I.D. and password are needed when using our website to get account information. You can create your user I.D. and password on the URS website. Once established, you have immediate access to your account via our website.

### **myURS allows you to:**

- Enroll in a plan or plans
- Access your current account balance
- Change your beneficiary(ies)
- Change your deferral amount
- Alter how your future deferrals will be invested
- Transfer your current balances between investment options
- Obtain general information and forms
- View rates of return and other investment information
- Change your method of receiving confirmations
- Update your address, unless you are receiving a monthly payment from URS
- Obtain savings plans quarterly statements, pension annual statements, and tax forms.

## Fund Information and Calculators

Each quarter a statement of your account, together with the funds' rates of return and other general information, is provided for you via mail and/or online. Additional detailed fund information and daily unit values are available on our website, at our offices, or by calling our Defined Contribution Department. An interactive calculator (Future Values Calculator) is also available on our website to help you determine the amount of savings necessary for you to achieve your long-term financial goals.

## Withdrawing Funds from Your Account

In exchange for the tax advantages of the 457 plan, and because it is meant as a savings vehicle for retirement, the IRS allows withdrawals from your account only under certain circumstances, such as:

- 1– Separation from service
- 2– Unforeseeable emergency  
(as defined by the IRS)
- 3– Attainment of age 70½
- 4– Death
- 5– Domestic relations orders.

### Retirement or Separation from Service

You are considered separated from service at the time you retire or are no longer employed by an employer participating in URS. If you terminate and are rehired by the same or a different participating employer, you are not eligible to withdraw the funds. An individual on leave of absence or a school employee at the end of a contract year is **not** considered separated from service.

### Unforeseeable Emergency

An emergency withdrawal is allowed only if you, your spouse, dependent, or primary beneficiary have an unforeseeable emergency and all other reasonably available resources and remedies have been exhausted. The distribution cannot exceed the amount necessary to satisfy the financial need plus applicable taxes. Emergency withdrawals are available only from amounts you have in the URS core funds (PCRA funds must be transferred to the URS core funds to be eligible for emergency withdrawal).

### Attainment of Age 70½

Once you have reached the age of 70½, you may make up to four withdrawal elections from your account each calendar year (if you are still employed). Each election may include monthly



payments, a partial balance payment, your full balance, or any other withdrawal option available in this plan.

## Death

In the event of your death, any remaining funds are payable to the beneficiary(ies) you have designated for the 457 plan. These funds are payable first to your primary beneficiary(ies) or, if they are deceased, to your contingent beneficiary(ies).

If you have not named beneficiaries, if your beneficiaries do not survive you, or if they are unable to be located, the funds are paid to your spouse. If your spouse does not survive you, the funds are paid to your next of kin as dictated by Utah law.

## Spouse as Beneficiary

URS Savings Plans accepts information regarding your spouse (the person you are legally married to) as correct, and will not do an independent verification of your marital status. Providing incorrect information regarding your marital status may lead to tax consequences that are solely your responsibility. For additional information regarding the definition of marriage for federal tax purposes see U.S. Department of the Treasury Revenue Ruling 2013-17.

## Domestic Relations Order (DRO)

URS may divide an account with a former spouse or other family members if instructed by a valid domestic relations order, signed by a judge.

## Required Minimum Distribution (RMD)

Once you reach age 70½, and are no longer employed with an employer participating with URS, the IRS requires you to begin taking **at least** the required minimum distribution (RMD) from your account each year. This minimum amount is determined by taking your account balance on the last day of the previous year and dividing it by the uniform lifetime factor or joint life expectancy factor provided by the U.S. Treasury.

**Example:** Suppose you turn age 70½ on July 1, 2015. We would determine your account balance on December 31, 2014 (\$15,000 in this example), and divide that by the figure shown in the U.S. Treasury tables. In this case, the figure is 27.4, calculating an RMD of \$547.45 ( $\$15,000 / 27.4 = \$547.45$ ).

Your first RMD (the year you turn 70½) may be deferred until as late as April 1 of the next year. If you choose to defer the first payment, you will have to take two payments during the next calendar year in order to satisfy the RMD for the next year as well.

**Example:** Using the information in the previous example, you choose to defer your payment until April 1, 2016. You must take at least \$547.45, to satisfy the 2015 RMD, but you will also need to take an additional payment to satisfy the 2016 RMD.

The distribution to satisfy the RMD can be taken any time during the calendar year it is due and can be taken in any form (monthly, annually, as a single amount, etc.). URS offers a withdrawal option wherein your RMD is automatically calculated and distributed to you each year.

## Involuntary Distributions of Inactive Accounts

Inactive accounts of participants with combined savings plans balances below \$1,000 are automatically closed and the funds are distributed to the account owners. Inactive accounts are defined as accounts that have had no contribution or withdrawal activity for a period of at least 12 months and the participant is no longer employed with a URS participating employer.

## Plan-to-Plan Transfers (while still employed)

Account balances may be transferred on a trustee-to-trustee basis to another governmental 457 plan, provided you can demonstrate to the URS Plan Administrator you are no longer eligible to participate in a URS pension plan or your

employer does not participate in the URS 457 Plan on behalf of any of its employees. Under certain circumstances, you may also be eligible to transfer your 457 funds to a governmental defined benefit (pension) plan in order to purchase service credit.

## Taxes

Distributions made from the 457 plan are generally taxable. When you receive a partial balance or total balance withdrawal of \$200 or more, the IRS requires 20% of the amount withdrawn be withheld for federal income taxes. The 20% withholding requirement does not apply if you choose to receive periodic payments over a span of 10 years or more, or if the periodic payments are calculated based on your life expectancy. The 10-year or life expectancy calculations are based on a 7.5% rate of return and the U.S. Treasury's life expectancy tables. For these periodic distributions, a *Substitute W-4P* form may be submitted to our office indicating your tax withholding request. If no *Substitute W-4P* is received, federal withholding is based on an assumption of "married with three exemptions." Utah state taxes are withheld based on information provided on the *Substitute W-4P* form using state tables regardless of the type of payment.

Distributions from the 457 plan are generally not subject to the early withdrawal penalty tax.

There may be other exceptions to the taxes or penalties previously mentioned. For more information regarding taxation, please review the *Special Tax Notice* available on our website and in our office, or IRS Publication 575 *Pension and Annuity Income*. URS personnel are not qualified to give tax advice. (Consult a tax advisor.)

## 457 Loans to Participants

### Eligibility

In order to be eligible to take a loan from your 457 plan, your employer must participate in the URS 457 loan program and allow payroll deduction for the payments. Also, you may only have one outstanding loan at any time from your 457 plan.

You may only borrow money you have in the URS core funds (PCRA funds must be transferred to the core funds to be available for loan).

### Minimum Loan

The minimum loan available is \$1,000. This requires a balance in your account of at least \$2,000.

### Maximum Loan

The maximum loan that may be taken is the lesser of 50% of your account balance or \$50,000. The \$50,000 maximum amount is reduced by the highest loan balance during the past 12 months in any or all retirement savings plans (including 401(k) and 403(b) plans).

### Loan Repayment

Loan payments may be amortized over five years or less. However, if the loan is used for the purchase of your primary residence, payments may be amortized for up to 10 years. (Mortgage payments and refinancing are not considered as a purchase.)

An outstanding 457 loan balance becomes due upon separation from employment (*see next paragraph for an option for loan repayment*). If the loan balance is not paid within the cure period, the loan is considered in default and treated as a withdrawal. The cure period cannot continue beyond the last day of the calendar quarter following the calendar quarter in which the required installment payment was due.

### Automated Clearing House (ACH)

The Automated Clearing House (ACH) loan repayment program is offered to URS members and retirees who have outstanding 401(k) or 457 plan loans and are no longer able to make payroll deductions through a participating URS employer. Participating in the ACH program does not supersede the terms of the original signed promissory note except the repayment amount may be recalculated to a monthly amount necessary to repay the loan in the length of time specified in the promissory note. The member

agrees to allow monthly loan payments to be automatically debited by URS on the 15th of the month (or next closest bank business day) from the financial institution he/she has chosen.

### URS Check Policy

URS accepts personal checks and certified funds (i.e., cash in the exact amount, money orders, and cashier checks) for additional loan prepayments. Loan prepayments of \$500.00 or more are accepted, or for full repayment of the loan. Certified funds will post to your account within 3 – 5 business days. If you submit a personal check, payment is not posted to your account for a minimum of five (5) **business** days. Returned checks, due to insufficient funds, are not posted to an account and URS charges a \$20 returned check fee.

### Interest Rate on Loans

The interest rate is a fixed rate for the duration of the loan. The loan interest rate for new loans is determined at the beginning of each calendar quarter, based on the prime rate (as published in *The Wall Street Journal*) plus 1%. The interest on a 457 loan is generally not deductible for income tax purposes. (Consult a tax advisor.)

### Loan Fee

There is a \$60.00 nonrefundable fee deducted from your account when the loan is processed.

### Taxes and Penalties

There are no taxes or penalties on a loan, unless the loan is in default and/or offset against the account.

### Application of Funds

When the loan is created, the principal is transferred from the core investment funds beginning with employer contributions in the most conservative fund, progressing to employee deferrals in the most aggressive fund. Your loan payments to the plan reduce the outstanding loan

principal owed, and the principal and interest paid is applied to the 457 investment options based on your specified allocation for future deposits. All interest you pay is deposited into your account.

For more loan information, please read the *URS 401(k)/457 Loan Program* brochure. Also, take advantage of the URS Loan Payment Calculator on our website. The brochure is available on our website and at our offices.

## Plan Fees and Expenses

There are several different types of expenses that may be deducted from an account to cover the costs of administering your plan: 1) investment, 2) administrative, 3) loan, 4) inactive account maintenance, and 5) short-term trading.

### Investment and Administrative Fees

Fund	Investment	Administrative	Total Fee
Income Fund	0.30%	0.16%	0.46%
Bond Fund	0.12	0.16	0.28
Balanced Fund	0.26	0.16	0.42
Large Cap Value Fund	0.42	0.16	0.58
Large Cap Index Fund	0.03	0.16	0.19
Large Cap Growth Fund	0.29	0.16	0.45
International Fund	0.06	0.16	0.22
Small Cap Stock Fund	0.37	0.16	0.53
Target Date 2060	0.21	0.16	0.37
Target Date 2055	0.21	0.16	0.37
Target Date 2050	0.21	0.16	0.37
Target Date 2045	0.21	0.16	0.37
Target Date 2040	0.21	0.16	0.37
Target Date 2035	0.22	0.16	0.38
Target Date 2030	0.23	0.16	0.39
Target Date 2025	0.23	0.16	0.39
Target Date 2020	0.22	0.16	0.38
Target Date 2015	0.23	0.16	0.39
Target Date 2010	0.20	0.16	0.36
Target Date Retired	0.20	0.16	0.36
Tier 2 Nonvested	0.20	0.16	0.36

*Investment* fees are charged by the fund managers to cover the costs of investing money. *Administrative* fees cover the costs of maintaining a retirement plan, such as customer service, statements, and recordkeeping. Both fees are charged as a fraction of a percent of assets under management and are calculated in each fund's daily unit value. Therefore, balances in your account and all rates of return are shown after these fees have been deducted.

**Example:** Let's assume you invested \$1,000 in the Large Cap Stock Index Fund on January 1, 2015, and left it until January 1, 2016. Let's also assume there was no change in the stock market during that same period. The fee for investing and administering this option for you would be \$1.90 (.19% x \$1,000).

### Loan Fee

If you take advantage of the plan's loan program, you are assessed a \$60 processing fee for each loan you receive from the plan. This fee appears as a withdrawal on your quarterly statement.

### Inactive Account Maintenance Fee

Because the fees generated from small inactive accounts generally do not cover the costs of maintaining them, an annual fee of \$15 is assessed to each plan. Small inactive accounts are those where the account owner is no longer employed by a participating organization, there have been no deposits or withdrawals during the prior 12 months, and assets in all URS Savings Plans are less than \$5,000. This fee appears as a withdrawal on the quarterly statement.

### Short-Term Trading Fee

Because of the costs generated by frequent trading and the potential impact on other participants' accounts, it is necessary to impose a short-term trading fee. Individuals who transfer any or all of their current account among core investment options more often than once every 30 days are charged a 2% fee on the amount transferred. Each transfer starts a new 30 day period. Also, each savings plan is treated individually. For example, fund transfers in your IRA do not affect your ability to transfer funds in your 401(k) or 457 plan.

### Self-Directed Brokerage Account Fee

Participants in the Schwab Personal Choice Retirement Account® (PCRA) are assessed a \$25 quarterly fee for each plan utilizing a PCRA. The administrative fee (.16%) is **not** applied to funds within a PCRA.

## Appeals

If you disagree with a calculation, policy, procedure, or some other action taken by a department of URS, you may appeal such decisions. You will need to write a letter to the executive director stating the facts of the situation, the remedy you are requesting, and the legal or equitable basis for the reversal. The executive director will review the case and either grant or deny your request. If your request is denied you may, within 30 days of the denial, file a written petition with the hearing officer. Steps for filing the petition are sent to you at that time.

### A Final Word

This brochure is general in nature. For more information regarding the 457 plan, contact our Defined Contribution Department at **801-366-7720** or **800-688-401k**, or visit **[www.urs.org](http://www.urs.org)**.

## **Your Right to Privacy is Protected**

Information will be given over the telephone to participants only if they can demonstrate their identity through knowledge of personal information. If such knowledge cannot be demonstrated, account information will not be discussed over the telephone. Because your file is confidential, we cannot release information to your spouse, relatives, or group representative. Information provided through the URS website is permitted only with a valid user identification (I.D.) and password.



### **Defined Contribution Department**

**P.O. Box 1590, Salt Lake City, UT 84110-1590**

### **Or visit us at**

**560 East 200 South, Suite 200  
Salt Lake City, UT 84102-2021**

### **Customer Service:**

**801-366-7720 or 800-688-401k**

**Fax: 801-366-7445**

**Toll free fax: 800-753-7445**

### **Southern Utah Branch Office**

**165 North 100 East #9, St. George, Utah 84770  
435-673-6300, 800-950-4877**

**[www.urs.org](http://www.urs.org)**

**Daniel D. Andersen, Executive Director**